C3475-1A
2/11/87
...SUE
...ODS BUSINESS
...STORE BUSINESS'
IN SELECTED EDITIONS ONLY

WILL BRAND MARKETING SUCCEED, OR SPOIL FRESH PRODUCE?

PUBLISHER
Jeffrey A. Schaeffer

EDITOR-IN-CHIEF
Kenneth P. Partch

SENIOR EDITOR
Robert J. Hughes

MANAGING EDITOR
Shirley Claypool

SENIOR ASSOCIATE EDITOR
Kevin Coupe

ASSOCIATE EDITORS
Peter Leviten
Frank Hammel

EDITORIAL ASSISTANT
Karen L. Jones

ART ASSOCIATES
Alison Bushnell
Andrea L. Gallo

CONTRIBUTING EDITORS
Marketing: **Len Dykin**
Produce: **Barney H. McClure**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **John Baskin**

ASSOCIATE PUBLISHER
Carol Fenshott

ASSISTANT CIRCULATION MANAGER
(ACTING CIRCULATION MANAGER)
Leon Carter

PRODUCTION DIRECTOR
Dennis Davidson

RESEARCH DIRECTOR
David Litwak

ADVERTISING SALES

EAST
SOUTHEAST REGIONAL SALES MANAGER
Peter Beyrent

NORTHEAST REGIONAL SALES MANAGER
Thomas Dean

EAST COAST SALES MANAGER
Maggie McAleer

REGIONAL SALES MANAGER
Janet Isenberg

SALES ADMINISTRATOR
Lauren Lekoski

Fieldmark Media
25 W 43rd Street, Suite 707
New York, N.Y. 10036

CHICAGO
VICE PRESIDENT, NATIONAL ACCOUNTS
Dave Wishard

REGIONAL SALES MANAGERS
Doug Koda
Phil Saran

Fuldmark Media
7366 N. Lincoln
Lincolnwood, Ill. 60646
312-673-6737

WEST COAST
Sue Marriff

Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
818-783-5888

FIELDMARK MEDIA
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
212-354-5169

PRESIDENT
Jeffrey A. Schaeffer

VICE PRESIDENT, FINANCE
Eric Braunstein

VICE PRESIDENT, ADMINISTRATION
Catherine Cahill

VICE PRESIDENT
Carol Fenshott

CORPORATE OFFICERS
SOSLAND PUBLISHING COMPANY
CHAIRMAN:
Morton I. Sosland

VICE CHAIRMAN:
Neil N. Sosland

PRESIDENT & CEO:
Jeffrey A. Schaeffer

VICE PRESIDENT-EDITORIAL DIRECTOR
Kenneth P. Partch

VICE PRESIDENTS:
Mark Sabo,
Mel Sjerven

TREASURER:
Melanie Townsend

COVER PHOTOGRAPHY
Peter Brauns

SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by Fieldmark Media, 25 W. 43rd St., New York, N.Y. 10036. Telephone: 212-354-5169. Circulated free of charge to grocery retailers and wholesalers. U.S. subscriptions $40 per year; Canada, $45 per year. Foreign subscriptions $55 (seamail), $205 (airmail), per year. Single copies $4 except Consumer Expenditures Study (September issue) $25 per copy. (Discount prices available on multiple purchases.)
Copyright © 1987 Fieldmark Media. All rights reserved.
Second class postage paid at New York, N.Y., and additional mailing offices.

VBPA ABP Association Of Business Publishers, Inc

Produce 21

Insalaco's 31

Turning Points. 37

SUPERMARKET BUSINESS

VOLUME 42
NUMBER 2

PART ONE
OF TWO PARTS

FEBRUARY 1987

WILL BRAND MARKETING SUCCEED, OR SPOIL FRESH PRODUCE? 21
BOB HUGHES & FRANK HAMMEL

Some well-known manufacturers of packaged goods have begun to test-market selected fresh vegetables, trying both to broaden their own share of sales and appeal to convenience- and quality-minded shoppers. Will consumers buy single stalks of broccoli or hydroponically grown tomatoes? And do retailers want to stock them? The answers vary, but this move to convenience and brands is part of a growing trend toward year-round variety and availability in produce.

COMPENSATION SURVEY: ARE YOU EARNING WHAT YOU'RE WORTH?/DAVID LITWAK 26

Compensation has come of age in the supermarket industry, as both store and back-office management personnel begin to enjoy wage parity with their counterparts in other industries.

INSALACO MARKETS: WEATHERING THE STORM OF ECONOMIC CHANGE/PETER LEVITEN 31

This local chain has dared to offer upscale shopping in a hardscrabble community. And it is succeeding.

TURNING POINTS: IN WYOMING, BOB WOODWARD BITES THE BULLET/KEVIN COUPE 37

His newest store couldn't survive a declining economy, so Bob Woodward closed it down. That's when his troubles really began. Latest in a series of articles that examine notable turning points in retailers' lives.

INSTORE BUSINESS* FACING PAGE 42

INSALACO'S PREPARES FOR THE NEXT 40 YEARS 5A
PETER LEVITEN

ADJUSTING TO CHANGE IN DELIS & BAKERIES 17A
PETER LEVITEN & DAVID LITWAK

AT A SUPER FOODTOWN, GOING SCRATCH DOUBLES BAKERY SALES/PETER LEVITEN 21A

INSTORE AT KINGS: FOOD AS THEATER/BOB HUGHES 26A

KROGER INSTORE CAFES CATER TO THE FAST-FOOD CROWD/KEVIN COUPE 33A

SHOPPERS HAVE A YEN FOR THIS RAW DEAL/KEVIN COUPE 38A

NEW PRODUCTS . . . . . **40A** AD INDEX **42A**
*In selected editions only

NONFOODS BUSINESS 43

WHY MAKE THE SWITCH TO SERVICE MERCHANDISING? 44
KEVIN COUPE

CUB BEARS DOWN ON NONFOODS/KEVIN COUPE 55

SPECIAL: EQUIPMENT DIRECTORY ADDITION 70

CHECKOUT: AT THE FRONT END, THEY ALL SCREAM FOR ICE CREAM/KEVIN COUPE 82

A new twist on selling candy at the checkout comes from Italy: a special case displaying frozen novelties. It will soon be available in this country.

OTHER FEATURES AND DEPARTMENTS:

EDITOR'S VIEW **5**
TRADESCAN **7**
WASHINGTON BRIEF **15**
TECHNOLOGY **17**
PRODUCE **69**
ON MARKETING **72**
DECEMBER'S CONTEST:
LIST OF CORRECT ENTRIES **76**
THE FEBRUARY CONTEST **79**
AD INDEX **79**

InStore BUSINESS

INSALACO'S: PREPARING FOR THE NEXT 40 YEARS **5A**
PETER LEVITEN

Insalaco's, which is based in former coal mining country, is in the midst of an aggressive expansion and modernization program. Its new generation of delis and bakeries feature a wide selection of prepared foods to meet the new demographics of the region.

ADJUSTING TO CHANGE IN DELIS & BAKERIES **17A**
PETER LEVITEN & DAVID LITWAK

Deli and bakery directors across the country report in a random survey that the nature of their corporate structures continues to evolve. Some chains give their field personnel and store-level employees more flexibility, and have added new supervisory positions to meet growing demand. Other directors, however, maintain control from headquarters, and leave little to buyers, merchandisers and specialists other than implementation of company policy.

AT SUPER FOODTOWN, GOING SCRATCH DOUBLES BAKERY SALES **21A**
PETER LEVITEN

Bill Michas believed that his remodeled conventional store would be a success. He was right, as sales are up substantially, especially in the enlarged bakery.

INSTORE AT KINGS: FOOD AS THEATER **26A**

Kings displays its flair for personal service at its flagship store in Short Hills, N.J. Upon entering, customers are greeted by a bustling deli, bakery, a cheese and pasta island, and Kings Kitchens, a prepared entree section.

KROGER INSTORE CAFES CATER TO THE FAST-FOOD CROWD **33A**
KEVIN COUPE

Kroger's Atlanta division has made a major commitment to its instore delis. But in the South, a deli needs an eat-in restaurant to survive. Enter Barney's N.Y. Cafe, a southern adaptation of a northern idea. Kroger's delis have become successful examples of reading a market well.

SHOPPERS HAVE A YEN FOR THIS RAW DEAL **38A**
KEVIN COUPE

At one of its Atlanta stores, Kroger has a successful, full-working sushi bar that appeals to both eat-in and take-out customers. More may follow.

NEW PRODUCTS **40A**
AD INDEX **42A**

"Take-a-number" keeps'em shopping

Service counter waiting time turns into profitable shopping time when you have a Turn-O-Matic "take-a-number" system. Customers who are confident about not losing their turn are free to pay attention to nearby displays and specials. Sales increase not only at the counter, but around it as well.

In addition, Turn-O-Matic's special, multi-sided indicators can be strategically located so that they can be seen from around the store. Then, customers feel comfortable about leaving the immediate area to shop the entire store, and pick up those "extra" items that typically carry a higher profit margin.

Those extra profits are on top of the other Turn-O-Matic benefits — fewer upset customers, more operating efficiency and less pressure on your clerks.

Our new, 6-page, four-color brochure details how Turn-O-Matic systems turn waiting time into profits. For your free copy, call today!
In CA, (415) 858-2860. Outside CA, (800) 227-8982. Turn-O-Matic, Inc., 2470 El Camino Real, Palo Alto, CA 94306.

TURN-O-MATIC, INC.
Convenience that turns a profit

WASHINGTON BRIEF

JOHN BASKIN

Changes Proposed in Food Store Ad Rule

FTC staffers recommend easing regulations on out-of-stock products.

Federal Trade Commission (FTC) "consumer protection" officials have called for key changes in the agency's "Food Store Ad Rule" to enable supermarkets to offer rainchecks or substitute items for out-of-stock products.

If adopted by FTC's five-member board of commissioners, the staff proposal will resolve most retail grocery industry objections to the 15-year-old advertising regulations that have been under review for the past four years.

The rule, adopted by FTC in 1971 at the peak of the consumer movement, requires food retailers to maintain inventories of all advertised items sufficient to meet "reasonably anticipated consumer demand."

Even inadvertant infractions of the out-of-stock ban can leave grocers vulnerable to Federal penalties of up to $10,000 per violation, and the offering of rainchecks or comparable value substitute items is not permitted.

Although the rule was only sporadically enforced, FTC obtained cease and desist orders against at least nine major chains (Food Fair, Fisher Foods, ShopRite, Kroger, Mayfair Supermarkets, Pacific Gamble Robinson, Baza'r, A&P and Albertsons) during the mid-1970s.

In the early 1980s, FTC obtained fresh research findings suggesting that the cost of the ad availability rule (estimated at as much as $12,925 per store annually) outweighed any benefits to consumers, and commission officials launched a major review of the out-of-stock regulations.

After years of study, FTC staffers concluded that the rule should be modified to allow supermarkets greater flexibility in responding to out-of-stock situations.

Rainchecks or substitutes

Specifically, the agency officials proposed allowing food retailers to offer disappointed shoppers either a raincheck for the out-of-stock product or a "comparable value" substitute item—at the store's option.

Additionally, FTC staffers urged the commission to allow grocers to sidestep the rule altogether by using disclaimers in advertising to inform consumers that "quantities are limited" or that ad specials may not be available at all locations.

In proposing these amendments, FTC Consumer Protection Bureau Director William MacLeod cited evidence that the cost of the rule to consumers is some $319 million annually—roughly six times the benefits ($54 million) that shoppers derive from the requirements.

Further, MacLeod suggested that even with these changes, the rule may be unnecessary.

"One fact about the rule bears repeating: There is no evidence in either this proceeding or the original hearings establishing that grocers deliberately understock advertised products," he said. "Thus, we may have a rule dealing with a nonexistent problem."

William MacLeod, Federal Trade Commission, Director, Bureau of Consumer Protection

The staff recommendations drew prompt support from officials at the Food Marketing Institute (FMI), a group that has been pressuring FTC to change the rule for years.

FMI President Robert Aders said the staff's proposal brings supermarketers "one step closer to eliminating the unnecessary costs associated with this rule," while FMI research chief Timothy Hammonds said the amendments advanced by MacLeod "finally recognize the reality of the marketplace."

FTC will be accepting industry and consumer comments on the proposed changes until mid-March, and is expected to issue a final decision on the rule before the end of this year.

Dairies' Bid for Ad Claims Ban Rejected by FTC

The Federal Trade Commission rejected a petition by the American Dairy Association to "terminate or modify" a 13-year-old order barring the association from certain advertising claims.

Under the 1973 order, the association is prohibited from claims in ads that whole milk is low in fat or in calories unless the ads clearly disclose the number of calories or grams of fat in the milk.

In its petition, the dairy association argued that milk producers suffer competitive injury from the order. Other beverage makers are able to make claims about the lack of certain substances contained in their products, the association pointed out, while milk producers cannot state that whole milk is "96 percent fat-free".

In a letter denying the petition, however, the commission said the American Dairy Association had not provided evidence demonstrating that the claims prohibited by the order were no longer misleading.

Employee Productivity Falls as Labor Costs Rise

Retail food store productivity has taken a 16 percent nosedive since 1970.

According to U.S. Department of Labor figures, grocery employees' output per hour grew steadily through the 1960s, but began a substantial downward trend in 1971 (relieved by small rallies in 1979 and 1980). Food store productivity losses in the last five years—although less dramatic than during the '70s—averaged more than one percent per year, based on both the output per worker index and the more refined output per hour barometer.

Significantly, the productivity drop in the retail food store industry contrasts sharply with the overall nonfarm business sector, where productivity has been on a steady rise (9 percent since 1975).

At the same time that productivity losses were hitting retail grocers, labor costs were steadily rising. The number of food store workers rose more than 3 percent from 1970 to 1985, bringing the 25-year increase to 62 percent.

The rise in total hours worked by grocery employees was just over 2 percent, making a total rise of 27.5 percent since 1960. (The larger growth in total workers compared with total hours worked can be attributed, in part, to the growing part-time labor force in the retail food store sector.)

Employee Productivity

Year	Output per hour of all persons
1958	73.8
1959	76.9
1960	79.3
1961	82.4
1962	83.5
1963	87.6
1964	89.5
1965	91.9
1966	94.4
1967	98.0
1968	103.0
1969	103.9
1970	109.8
1971	110.4
1972	110.3
1973	105.5
1974	101.1
1975	100.7
1976	102.0
1977	100.0
1978	94.9
1979	96.3
1980	98.9
1981	95.2
1982	93.5
1983	93.9
1984	93.6
1985	92.7
1958-85	0.7
1980-85	– 1.1

CMA Urges Labeling Enforcement

The U.S. Chocolate Manufacturers Association (CMA) has asked the Food and Drug Administration to beef up enforcement of labeling standards for chocolate and chocolate-flavored food products.

The CMA charged that more and more falsely labeled chocolate-flavored products are reaching the U.S. marketplace. Among CMA concerns are foods using a mixture of chocolate and vegetable oils (e.g., chocolate-coated ice cream) and some foods made with cocoa (not including chocolate milk, cake, cookies and pudding).

Reagan Budget Proposes 'User Fees' for Services

The President has released a record trillion-dollar budget request to Congress for fiscal year 1988, complete with proposals ranging from new penalties against states that over-issue food stamps to requirements that food chains pay government "user fees."

Although the Administration's $1.024 trillion budget request contains no new taxes for fiscal '88, it does contain several "revenue changes" designed to raise over $6 billion.

Government service fees

These "revenue changes" include a proposal to charge "user fees" for certain government-provided services including Federal meat and poultry inspections. Under current law, Federal food safety inspectors provide these services to food suppliers free of charge.

But according to the Administration, "although the importance of uncontaminated meat supplies would seem to justify continuing a strong Federal role in setting standards and supervising compliance and enforcement, there is no rationale for providing these services free."

Negligible price increase

The user fees would have a negligible impact on consumer prices, Administration budget makers said. If the fees were completely passed on to the consumer, they added, the result would be an average price increase of less than 0.3 cents per pound of Federally inspected product.

Although the new budget seeks no cuts in the benefit level for food stamps, it does propose to withhold from grants to states the value of their excessive food stamp issuance.

Administration officials said "state laxity, resulting in the over-issuance of food stamps, remains a large problem that costs taxpayers dearly." ■

COMPENSATION SURVEY

ARE YOU EARNING WHAT YOU'RE WORTH?

BY DAVID LITWAK, DIRECTOR OF RESEARCH

Compensation has come of age in the supermarket industry, as both store and office management personnel begin to enjoy wage parity with their counterparts in other industries.

Picture this scene: It's late afternoon on a Friday. The assistant produce manager has just finished her shift, but before she leaves, she opens the envelope that the office secretary handed her earlier that day. After a quick look inside, her face bears an expression that doesn't quite betray whether or not the news inside is satisfactory.

The same scene is being repeated in the store's back room, at the company's buying offices, warehouses, and even in its presidential suite.

Meanwhile, back at the store, checkers and packers are hanging around their friends' registers, hoping to get their payroll checks cashed between customers. It will happen again the next week, or perhaps in two weeks, but it's sure to have an impact on every grocery company, and on all of their employees.

Compensation—pay—wages—salary—big bucks—not-so-big bucks: however it's referred to, it's largely responsible for getting employees to come to the store, or to the office, the warehouse, or the depots every morning. Compensation is one of the largest costs, besides merchandise, that retailers face. The Food Marketing Institute (FMI) estimates that in 1985, the cost of store labor and fringe benefits averaged somewhere around 11.5 percent of total sales. This does not include corporate support labor costs.

If this figure remained stable in 1986, which it has in recent years, then the amount spent on store labor and benefits will have reached $30.5 billion in 1985 and $31.6 billion in 1986. The figure for 1987 should be about the same, despite reductions and freezes in the wages of some hourly workers.

A question of fairness

We all know that the industry annually spends a lot paying its employees, and that this does take a big chunk out of the gross sales coming through the registers. The question that remains is what people in the industry are being paid—especially supervisory and management people. Is it a fair wage or could they get more by doing something else, somewhere else? The answer to this question, and all the peripheral questions that it spawns is complex. Indeed, no one answer is enough. At best we can come up with a conclusion based on a consensus of experienced opinion.

In order to gather this, and to take a closer look at the whole issue of compensation in the grocery industry, SUPERMARKET BUSINESS interviewed executives whose day-to-day responsibilities include keeping track of compensation in supermarkets, and setting compensation levels and policy.

SUPERMARKET BUSINESS talked to human resources executives at chains across the country, and to executive recruiters who represent supermarket retailers and their prospective employees.

What they're getting

The compensation received by supervisory personnel in the supermarket industry ranges all over the spectrum, depending on the level of the employee, the size of the company, region of the company, and years of service.

For illustration purposes, a middle-of-the-road salary can be estimated. For instance, the median salary of

Table 1

AVERAGE SALARY RANGES* FOR SUPERMARKET MANAGEMENT EMPLOYEES IN REGIONS WITH DIFFERING ECONOMIC CONDITIONS**

	Low[1] $ (000's)	Median[2] $ (000's)	High[3] $ (000's)
CORPORATE			
President	75-125	125-300	300 +
VP/Dir. of Store Operations	52-69	70-90	90-155
VP/Division Manager	60-75	75-100	100-160
VP/Human Resources	38-48	49-69	70-125
VP/Marketing	50-65	65-90	90-145
VP/Distribution	52-69	70-90	90-125
Meat Director	45-57	58-74	74-90
Produce Director	45-57	58-74	74-90
General Merchandise Director	45-57	58-74	74-90
Grocery Director	45-57	58-74	74-90
OPERATIONS			
Director of Store Operations	48-69	70-90	90-125
District Manager	30-40	40-55	55-75
Store Manager	25-37	37-50	50-65
Maintenance Manager	28-34	35-49	49-60
Security Manager	27-39	40-54	54-79
Division Warehouse Manager	35-50	50-63	63-75
MERCHANDISERS/SUPERVISORS			
Grocery	31-35	36-48	50-65
Produce	30-34	35-42	42-55
Meat	32-36	36-44	44-58
BUYERS			
Grocery (Gen. Category)	28-36	38-42	42-53
Dairy	23-26	27-31	40-47
F.F.	23-26	26-31	31-37
Private Label	26-35	37-42	43-70
HBA	24-29	29-37	37-53
Gen. Merchandise	24-28	31-36	40-47
Produce	27-31	33-37	37-45
Hort./Gard.	22-26	29-37	40-47
Equip. (All Categories)	23-26	28-36	38-56
Meat (All Categories)	26-34	36-43	47-70
Deli/Prep. Foods	24-26	28-37	38-50

*Base salary only, excludes bonus and incentives

**Regions are classified by geographic and demographic characteristics as well as size of company

[1]Low pertains to more rural areas (and smaller companies) primarily in the South

[2]Median pertains to urban and suburban areas (and medium-sized companies) primarily in the Midwest, for example, Kansas City and Cleveland

[3]High pertains to high-density urban and suburban areas (and large companies) primarily in the Northeast and along the West Coast, for example, New York, Boston, San Francisco, and Los Angeles

Compiled from the 1987 Wage and Salary Review, prepared by Roth Young Personnel Services.

a buyer is $33,000,
a merchandiser $40,000,
a store manager $43,500, and
a district manager $47,500.

Across store departments salaries differ also. Among buyers, the differences become apparent; the median income of a general grocery, meat or private label buyer is just about $10,000 higher than that of a dairy buyer or a frozen food buyer. The departments that have the largest number of product lines, or that generate the highest margins, seem to get the most pay. This is also true of department managers in the stores, which follow similar hierarchies of pay, with the exception of grocery managers who are on a somewhat lower stratum than their buying counterparts.

The salary emphasis on individual departments seems destined to continue in this way, although as different departments begin to contribute more to the store's margins, they will begin to become upgraded.

"Now there is a greater emphasis on departments that introduce new higher margins into the store, such as produce, general merchandise and HBA. These are where compensation is just bursting out," says William Battles, president of W.E.B. Associates, an executive recruiting firm specializing in the supermarket industry.

"Years ago produce would be a small area of the store. Today, with grocery margins being so small, and the rise of service departments like bakeries, and the importance of nonfoods, stores have increased department sizes and rely on them more for income," Battles says. "Those departments' salaries from 1965 to 1985 have doubled, especially for the buyers."

The median salaries are the midpoints of much larger salary ranges; the actual reported ranges for a store manager run from $25,000 to $65,000, depending on a number of factors. Similarly, a buyer's salary can range from a reported low of $24,000 to a high of $70,000. The extremes of the ranges represent the fringes of the industry. The buyer receiving $24,000 is probably a young buyer with a small chain in a rural, not very competitive area, while the buyer receiving closer to $70,000 is more likely to be a very seasoned buyer from one of the largest organizations, with headquarters in an urban area with a high cost of living.

Doubtless, regional differences in salary exist. According to Battles of W.E.B. Associates, "I think that the areas from Atlanta to Miami to New Orleans are the lowest paying areas of the country. There are exceptions on a one-to-one basis in particular stores, but in general this is true." To those familiar with compensation levels on a nationwide basis, this comes as no surprise, since regional differences are found in most industries.

"These regional differences are accepted fact in all industries," says Battles. "The supermarket industry is commensurate with the cost of living in the area the stores are operating in." Unfortunately, no one, not even the Bureau of Labor Statistics, tracks compensation levels for management personnel on a regional basis.

More often than not, when it comes to compensation, differences are difficult to judge in certain regions, such as the Northeast, where the area is so large. "A store manager in Manhattan and one who is only 120 miles upstate in Poughkeepsie are in the same region of the country, but will not have the same living expenses, or have to pay their employees the same rate," points out David Roth, president of Roth Young Personnel Services Inc., another firm that specializes in recruiting for the supermarket industry.

Rather than look at pay differences on a strictly regional level, Roth Young has developed a system of examining wage ranges in three groups that take into account the living costs in an area and the size of the organization. The ranges (see accompanying wage charts) are divided into high, median and low. High usually corresponds to a very urbanized market (usually the Northeast or the West Coast), such as New York City, San Francisco, Boston or Los Angeles.

Median ranges are those that are usually found in less costly urban and suburban markets like Kansas City or Cleveland. Low ranges are those that generally correspond to rural areas.

Supermarkets vs. other industries

"In the last five years there has been an effort in many companies to firm up compensations and make sure that they are on par with other retailers," says Mike Kissner, Tom Thumb Supermarkets' vice president and director of human resources. He adds, "Department managers and store directors are definitely in line with other management positions (in other retail industries). We've gotten away from just looking at other supermarket chains, and now we're looking at drug and other retail chains."

The predominant feeling is that in the past supermarkets may have lagged slightly behind other retailers in compensation, but that they have begun to catch up in the last five years. The median wage numbers bear out this feeling. The median annual wage range for a supermarket district manager last year was $40,000 to $55,000, while that for a district manager for retail in general was $33,000 to $43,000; a meat buyer was paid $36,000 to $43,000, while a shoe buyer received $38,000 to $45,000.

The similarities between the pay scales of supermarket employees and their counterparts in other retail professions go up and down the line. "Yes, we're on par with other

Bring Key People

"We come to the FMI show for new ideas, new ways of doing things, meeting new people, seeing new exhibits, new products, new ways to display and merchandise products, that we can take back and apply to our business. I bring key people from the company with me every year; merchandisers, operating people, equipment buyers, a whole range of people within the company. We split up the floors, split up the workshops. We visit the different areas, collect ideas, then meet every night in the hotel to go over what we did the previous day. It's a great place to get information for your company and be able to go back and apply it to your day to day business."

—Ed Hill, President and CEO, ABCO Markets, Inc., Phoenix, Arizona—

The FMI Convention is an industry showcase, a gigantic forum where retailers and wholesalers come together to closely study the fundamental changes taking place, to exchange information, and to make plans for tomorrow.

And this year's convention is the best ever! Showcasing 50 years of industry innovation, the FMI Convention will feature hundreds of products and program ideas that can help you make your store more profitable.

Make plans now to attend. Call the Food Marketing Institute Convention Services at (202) 452-8444 for more information.

50 YEARS *Showcasing Industry Innovation*

FMI FOOD MARKETING INSTITUTE

1750 K Street, NW
Washington, DC 20006

THE 1987 SUPERMARKET INDUSTRY CONVENTION
AND EDUCATIONAL EXPOSITION
May 3-6, McCormick Place, Chicago, Illinois

© FMI, 1987

Some of the highest paid people in a food store organization are in the stores.

industries with management and hourly employees," says Mike Kissner. "I remember years ago you used to hire a package clerk at minimum wage, then McDonald's started hiring at minimum plus $1, so the industry had to meet them with minimum plus $1."

The vice president of the Dallas-based division of Cullum Cos. stresses, though, "Our primary motivating influence is our competitors (other supermarkets)."

If the supermarket industry has made strides in pay parity with other industries, both within the retail industries and those in other sectors, it's been in the area of salary increases. For the most part, increases ran in the 5 to 6 percent range during most of 1986 for management employees.

This is fairly consistent with the overall average for this period. "Generally the year-to-year increases moderate as the economy moderates," comments Tony Schiano, vice president of human resources of Giant Food Stores (Carlisle, Pa.). "There are good increases in the middle management. The increases are on par with other retailers. A major department store chain may be slightly more in some levels than the supermarkets, but we compare very favorably to the discounters and mass merchandisers, where we are on par, if not better."

Compared to other non-retailing industries, the supermarket industry has for the past few years been playing catch-up in compensation. "I think that this industry handles a lot of money, and basically, in terms of other industries, it produces fewer profits. I think that people with similar talents and the same drive in the long run could make more in other industries." These sentiments are those of a director of human resources for a medium-sized eastern chain.

While this statement is somewhat strong, it is, for the moment, correct. Mike Plecki, manager of compensation administration for Jewel Food Stores in Chicago, sums up the catch-up effort: "Historically," he says, "at least over the last few years, the retail and wholesale industries have tended to trail manufacturing and other industries in size of increase. We now work to be in between, right in the middle of the gap between retail and manufacturing industries."

The problem may be resolving itself, at least with the manufacturing end of the wage parity issue. "Manufacturing is not as strong now; with a lot of plant closings, it is an industry that is consolidating," points out Tony Schiano. He feels that the service industries are becoming more important.

"Some of the service industries have been upgrading," he says. "The service industries, banking, brokerage, have grown and become more important. Service industries are people industries just like the supermarket industry."

Benefits

Benefits figure as another side of compensation. In all industries, increasing attention is being paid to the benefits side of the compensation package. Subsequently, the amount spent on employee benefits is also growing. Alas, in the area of benefits, the industry is also seen as needing to catch up.

"Benefits have lagged somewhat behind other industries, where they have a more liberal approach to benefits, and a more progressive administration of the benefits package," says Mike Kissner of Tom Thumb.

There are signs that this is changing, both in improved benefits packages and in the ways they are administered. "We've been chipping away at the weaknesses in our benefits package a little each year" says a human resources director for an eastern chain.

Mike Kissner already sees signs of change, "a little more sophisticated approach to benefits in the industry. There will probably be some movement to a cafeteria-style approach to benefits (an approach where the employee can choose between some optional benefits)."

Continued on page 41

Table 2
COMPARISONS OF MEDIAN PAY SCALES FOR SUPERMARKET INDUSTRY MANAGEMENT POSITIONS, VS. THOSE OF OTHER RETAIL INDUSTRIES

MERCHANDISING MANAGERS $(000'S)			
Ladies Clothing	35-42	Hard Goods	45-50
Men/Boys Clothing	45-55	Major Appliances	45-50
Accessories	45-51	Furniture	45-48
Home Furnishings	45-50	Home Furnishings	45-50
		Food (Supermarket)	36-48
BUYERS/OTHER RETAIL $(000'S)		**SUPERMARKET**	
Ladies Clothing	40-47	Grocery (Gen. Category)	36-40
Men/Boys Clothing	35-40	Dairy	25-30
Shoes	38-45	Private Label	35-40
Toys, Sporting Goods	35-45	Meat	36-43
Major Appliances	30-40	Produce	32-35
STORE MANAGERS $(000'S)		**OTHERS**	
Specialty Stores	19-24	Warehouse Dir. (Gen. Retail)	40-51
Department Stores	40-49	Warehouse Dir. (Sup.)	35-50
Chains	37-44	District Manager (Gen. Retail)	33-43
Supermarkets	35-40	District Manager (Sup.)	40-55

Adapted from the 1986 Wage and Salary Review prepared by Roth Young Personnel Services.

New Products

"Coming to the FMI Convention is just like going to school. I started out as an operator of one store and never had the opportunity to go to college. I've used the convention as my education, and I've gone from a one store operator to a four store operator. We come here and we see all the new equipment, new products. The workshops are outstanding and probably the most professionally done of any trade shows that we have."

—Larry O'Neil, Owner, O'Neils, Spanaway, Washington—

The success of this international event stands as a testimony not only to the growth and strength of the industry, but also to the importance industry leaders place on this annual meeting. The FMI Convention has become the ultimate marketplace for the latest in products, services, and equipment.

This year's show is the best ever! It will feature hundreds of products and program ideas that can help you make your stores more profitable.

Make plans now to attend. Call Food Marketing Institute Convention Services at (202) 452-8444 for more information.

50 YEARS
Showcasing Industry Innovation

FMI
FOOD MARKETING INSTITUTE

1750 K Street, NW
Washington, DC 20006

THE 1987
SUPERMARKET INDUSTRY CONVENTION
AND EDUCATIONAL EXPOSITION

May 3-6, McCormick Place, Chicago, Illinois

© FMI, 1987.

COMPENSATION SURVEY

Continued from page 29

"From 1975 on it really moved," says William Battles of W.E.B. Associates. "The basic concentration had always been on the headquarters level, and on the district manager," he says. "Really, starting in 1975, this switched so that concentration is now at the store level, with the store manager, and the pay that goes along with it."

An emerging trend

Store managers seem to be the supermarket heroes of the 1980s. Checking the salary range tables, one can see that store managers receive basically the same money as district managers and some of the headquarters staff. Many of those interviewed told SUPERMARKET BUSINESS that they were emphasizing or re-emphasizing store managers and directors. The reasons for this seem obvious, at least they do now that store managers are enjoying some of the spotlight.

Giant Foods's Tony Schiano says, "I think we're starting to see a trend. The store manager has become so valuable that his value overshadows some of the staff positions. So those staff positions aren't being seen as the promotions they once were. In a super store, the manager may have 250 people, and do $20-plus million a year. It's a big job. It's bigger than some staff positions." Schiano adds, "I believe that the emphasis will be on compensation and responsibility for store directors and managers."

This view is shared by others, among them Tom Thumb's Mike Kissner. "Some of the highest paid people in the organization continue to be in the store," he says. "We tend to put the dollars where the customers are. Store directors have a tremendous responsibility to the company, and their compensation is commensurate with that responsibility."

Emphasize store managers

Because of the emphasis on the store manager, coming up through the store ranks is what most of the executives with whom SUPERMARKET BUSINESS spoke considered the best career path for a young employee coming into the industry.

"We promote a lot up the ranks, and normally we are able to generate the management talent we need," says Mike Kissner. "A number of chains, including most of the larger ones, now have a formal general management training program. All they have to do is be able to get quality recruits to fill these programs."

Recruiting

"Truthfully, we've never had trouble attracting people. Even though compensation in the industry trails manufacturing, we've never had trouble," says Jewel's Mike Plecki. "One thing is that in manufacturing jobs there has been a contraction—there are fewer openings for people to fill."

David Roth of Roth Young Personnel Services reports, "The number of openings available in the industry, and the number of applicants to fill those openings, has remained fairly constant over the last few years."

Good in the short-term

"The money in the long run may not be as good as in some other industries," comments a compensation manager from a

Continued on page 73

BRING A TRUE SUPERSTAR TO YOUR SUPERMARKET.

Mickey Mouse and the gang have a magical effect on moms and kids. In fact, 64% of all moms bought Disney Frozen Treats because their children asked for them by name. Now, put the magic of Disney to work for you.

Disney Frozen Treats are completely unique. They're shaped like the famous Disney characters. And made with wholesome, mouthwatering ingredients like real ice cream and refreshing fruit flavors.

Because they're packaged in exciting, magical graphics, Disney Frozen Treats practically jump out of the freezer case. And they're supported with breakthrough TV and print advertising.

In test market, Disney Frozen Treats ranked higher in dollar sales per million ACV exposure than other leading national brands! Call Gold Bond to learn all about the dynamic, sales-generating program we've created around this dazzling, successful line.

1-800-521-8413. IN WISCONSIN 1-800-242-4303.

© 1987 GOLD BOND ICE CREAM, INC. © THE WALT DISNEY COMPANY

FOODWAYS/WEIGHT WATCHERS PROMOTE FROZEN FOOD LINE

The frozen foods marketer went against the grain of "low profile" promotional activities for January, because the Weight Watchers name has something going for it—New Year's Resolutions.

The kickoff was a mailing the week of Jan. 4 of a 25-cent store coupon through the Carol Wright direct mail program to more than 17 million households. Foodways National told buyers that "direct mail offers several important benefits not available through a freestanding insert (FSI) or other couponing vehicles"—namely these:

Targeted distribution to the Weight Watcher frozen entree consumer, based on household heads age 25 to 54, higher incomes and higher educated household members. High redemption rates (6 percent on brand versus 2.5 to 4 percent for FSI or run-of-press coupons). High trial-generating ability. Low misredemption. Avoidance of FSI clutter.

Advertising support got under way Dec. 22, for flight through Jan. 25, of all new commercials that featured perennial spokesperson Lynn Redgrave.

HORMEL INCORPORATES BENEFIT IN NAME

From the "I can't believe it's not butter" school of product nomenclature comes Hormel's newest product—Not So Sloppy Joe Sloppy Joe Sauce.

The concept is in the name—"so thick you don't need a plate." Hormel tells the world that "Not So Sloppy Joe Sloppy Joe Sauce makes serving sloppy joes into a pretty neat experience." The glass resealable jar product is a thick sauce with a hint of barbecue flavor.

The 14.5-ounce (12s) sauce comes to market with a $1.20 per case allowance off the regular $10.92 cost, for an 81-cent unit cost on deal. The suggested retail price of $1.09 can earn retailers a 16.5 percent gross on regular pricing.

Hormel will support the new brand with a Feb. 8 freestanding insert ad with a 25-cent store coupon. ■

PRODUCE

Continued from page 25

company was reluctant to discuss its marketing plans in detail.

Campbell entered the branded produce field in 1978, with its line of mushrooms. Its heritage of tomato soup led it to develop a hydroponically grown tomato, which it has been marketing selectively for about six years. It is expanding in the East right now.

On whether consumers are willing to try a branded tomato, Campbell's Kirk Leighton says, "I don't think you need to look any further than the tomato section. Generally, stores today probably have six or eight different types of tomatoes, different price breaks on any of those tomatoes, differing sizing requirements. They are merchandised in different ways, to serve varying consumer interests today. You've got tomatoes all the way from Holland, you've got Israeli tomatoes, you've got vine-ripe tomatoes, you've got hydroponic tomatoes," he says.

A consistent product

"I know it is not within our strategy to overcome the needs of various consumer groups in the vegetable area and become a 'sole supplier,'" Leighton says. "That's not one of the points we're representing. What we do provide is a top-quality and, hopefully, consistently supplied product that both the trade and the consumer can rely on, which overcomes some of the consumer discontent, and serves the number-one need, in terms of the trade."

Leighton feels that branded produce can be a boon to retailers. "The principle that most grocers have now, of making produce a focal point in their market, and a growing section, is that they require absolutely top produce, from wherever it may come. So we have a common objective, in meeting what the consumer is really telling them and telling ourselves as well. And," he says, "with branded produce you're going to see the attempt to provide consistent, top-quality produce, the cream of the crop, the top 10 percent quality. And there are those consumers who buy that and want that and do not have the time to look through seven or eight different types of tomatoes or lettuces or peppers or whatever."

Campbell's hydroponically grown tomato is an example of how technology is changing the speed with which new produce items are being developed, and the way they're developed. DNA Plant Technology Corp. (Cinnaminson, N.J.) worked with Kraft in developing its VegiSnax, and is working with Campbell to come up with a year-round tomato with vine-ripe taste.

"In the past, agricultural research used to be oriented toward agronomic characteristics," says Fred Spar, a spokesman for the company. "They would be interested in things like yield, disease resistance, etc. Now, using techniques that have been developed within the last 10 years, we've refined some of those techniques so that you can develop new varieties of vegetables in about half the time that traditional breeding techniques required."

Working on carrots and celery, the company tried to develop carrots that would be sweeter and juicier, but still crunchy.

"Before we actually developed anything," says Spar, "we went to consumers. We did focus group studies with consumers, and asked them to help us develop the concept of what the ideal carrot and celery would be for snacking. With carrots, people often felt they were woody. With celery, we wanted one that was sweet and crunchy and juicy, but not stringy.

"In the case of tomatoes, the objective was slightly different. The typical tomato in this part of the world, in the wintertime, is a pretty poor reflection of a nice, juicy vine-ripened tomato that you get in the summertime. The texture—it's just not very appealing. What we're working on is something that will retain that vine-ripened quality much longer, so that you can pick something ripe in California, something that will give you the vine-ripened taste all year round." The company is still working on the tomato, and has no target date set yet for its introduction.

But that quest for year-round availability of certain produce items continues. "Think of the soft fruits," says Megamarket's Peter Slengas. "About 10 years ago you couldn't find seedless grapes, for example. Well, thank goodness for South America. Now you see soft fruits available all winter."

Barney McClure, head of McClure & Associates (San Francisco), who writes SUPERMARKET BUSINESS's "Produce" column, feels that obtaining produce from other parts of the world, rather than relying on mere technology, is the key to year-round availability. "I think with other Central and South American countries starting to market their products here—and with more American companies realizing what's out there—you'll see over the next few years a great surge in year-round availability of produce."

The days of the cardboard tomato may be over. But, in the interests of serving the consumer, from both the manufacturer and retailer side, it looks like it's going to be a jungle out there in the produce department. ■

COMPENSATION SURVEY

Continued from page 41

large midwestern chain, "but the short-term money is very appealing to someone out of college or graduate school."

The major problem in recruiting seems to be one of image. "It (the supermarket industry) has not achieved glamour industry status," says David Roth. "It's still a long way from the terrible conditions that it used to have."

"I think that it's difficult to recruit right out of college," comments Giant Foods' Tony Schiano. "I think the most success is in recruiting graduates who had some experience in working part time in a supermarket. Those who have seen a store manager, know the hours of operation and have a flavor for the business. Those who apply themselves, and have the talent can go straight up."

The human resources director of an eastern chain has one way to get around the image problem, and to get college people interested in supermarket careers. "We're not so much recruiting college seniors," he says. "Now we go in and talk to sophomores and juniors to get them interested. We try to get them working in the stores part time so they get a feel for the business."

The whole trend towards what has been happening with compensation and attitudes towards working in the industry is best summed up by David Roth: "Every few years we do a survey and ask supermarket people if they would want their children to have careers in this industry. The results have always been negative. But over the last few years, the percentages of those saying 'yes' increased dramatically." ■

ADJUSTING TO CHANGE IN DELIS & BAKERIES

BY PETER LEVITEN AND DAVID LITWAK

The corporate structure for instore departments has changed to include more specialists for each department, an IB survey reveals.

Instore service delis and bakeries have become essential components in supermarkets' marketing strategies. Retailers, consequently, are faced with the challenge of how to control these growing and significantly different areas of the store.

Delis and bakeries cannot be considered similar departments that can be effectively served by the same people at headquarters, in the field and at the store. Too many distinctions exist to have them under one corporate management team.

Besides cost containment and production, management is increasingly concerned with merchandising, promotion and training responsibilities. All of these considerations lead to one question: What kind of management structure in supermarket chains, both large and small, will maximize sales, profitability and efficiency?

With that question in mind, INSTORE BUSINESS contacted chains across the nation, asking the executives in charge of delis and bakeries how their operations are organized, from the boardroom down to the prep room.

Who's in charge?

They were asked who ultimately has responsibility for buying, merchandising, pricing and promotion; whether delis and bakeries share the same chain of command, at headquarters and store level; how much flexibility is granted the department manager in the store; what changes in operational control had been made in the last few years, and what refinements are expected or are being considered for the future.

Responses were received from supermarket firms ranging in size from Publix Super Markets (Lakeland, Fla.), with 310 stores producing sales of approximately $3.5 billion, to Ken's Supermarket (Aberdeen, S.D.), which runs one supermarket and three superettes. Its sales volume is $10 million.

The executives responding work for large chains, with sales above $700 million, medium-sized chains, small chains and a few independents.

In assessing developments and drawing conclusions about how supermarkets control their delis and bakeries, comparisons are difficult. Publix has two distinctly different corporate hierarchies in the respective departments. Ken's has one deli manager who doubles for bakery, answers to the president and general manager, and whose principal advisor is his supplier.

Yet these two drastically different operations have both examined their operational structure and have made changes in the way their delis and bakeries are organized, or are contemplating future refinements in structure.

Publix has expanded its training program, added deli specialists and changed product offerings in both delis and bakeries. Ken's will expand its deli, and may add an assistant deli manager.

Equal but separate

At the highest corporate echelon, 53 percent of the firms surveyed reported that one executive is responsible for overseeing both deli and bakery operations. This holds true equally for large and small chains, as half said one person at headquarters is in charge.

Yet that statistic for the chain of command is somewhat misleading. In most cases, the top executive in charge, usually a vice president of operations or senior vice president of perishables, receives reports from subordinates, which are communicated to the president or the chief executive officer. But the structure underneath him often splits into two directions: a deli director and a bakery director.

Those directors subsequently rely on field merchandisers, operations managers, specialists, district managers, supervisors, buyers, store managers and the store's department managers to implement marketing plans. This structure basically holds true for both large and small chains, with small chains having fewer bureaucratic levels and positions. In most cases, buying and merchandising decisions for bakery and deli are also made by different corporate departments, and are carried out by specialists.

In response to the question of who is responsible for making critical decisions for pricing, promotion, merchandising, training and production, virtually all of the chains reported that the respective directors of bakery and deli operations had the final say. Some input from higher-ups, field merchandisers, buyers and department managers in the store is used, but the directors, because of the level of their involvement, receive congratulations (or criticism).

In the store, delis and bakeries diverge on the amount of flexibility accorded a department manager. Owing perhaps to the larger number of items produced at the point of sale, chains grant bakery managers more autonomy in determining

production and merchandising, as well as training. But pricing and promotion in bakeries, as is the case for delis, is within the purview of the directors.

Always be prepared

A high percentage of respondents, both large and small chains, report that their delis and bakeries have not implemented many changes within the last year or so. This result may seem surprising, considering the continually increasing importance of these departments. Yet it also illustrates that most operations anticipated the need to adjust their organization in advance, and had already made most of the required changes.

Changes instituted in the last few years include further delegation of authority, from the corporate level to field and store personnel, as expansion continues. "Rather than having a top-heavy organization, we try to have our district managers implement the changes," says Paul Folk, director of deli operations/coffee shop buyer and merchandiser at Randall's Food Market (Houston).

"At the store level, we have a department manager who is asked to run the department as if he owned it, within the parameters of Randall's philosophy, of course."

Folk's counterpart at Randall's, Walt Frewin, director of seafood and deli operations, concurs. "The department managers have more responsibility and opportunities than in the past, because as we grow, I seem to have less time to spend with them, so they have to be capable of making decisions on their own," Frewin says. He adds that store directors (the chain's equivalent of store managers) have also become more involved in deli operations, forming a partnership with

Pricing, buying and production decisions are primarily made by bakery and deli directors. Department managers are given some flexibility to determine merchandising, promotion and training plans.

DELI
Who makes the decisions for your delis in each store? (% times mentioned)

BUYING

Deli Director	44%
Buyer	24
Merchandiser	19
Deli Manager	13

PRICING

Deli Director	49%
Specialist/Supervisor	13
Merchandiser	13
Deli Manager	13
Buyer	6
Meat Manager	6

TRAINING

Training Dept	40%
Deli Director	20
Specialist	14
Field Merchandiser	13
Deli Manager	13

WHAT IS PRODUCED

Deli Director	45%
Deli Manager	20
Other*	15
Merchandiser	14
Deli Specialist	6

*Store Manager, Plant Manager, Supplier

PROMOTION

Deli Director	57%
Merchandiser	14
Deli Manager	11
Buyer	7
Specialist/Supervisor	6
Other	3
Meat Manager	2

BAKERY
Who makes the decisions for your bakeries in each store? (% times mentioned)

BUYING

Bakery Director	38%
Buyer	19
Bakery Manager	14
Merchandiser	14
Supervisor	10
Other	5

PRICING

Bakery Director	39%
Merchandiser	22
Bakery Manager	17
Supervisor	11
Buyer	11

TRAINING

Supervisor	21%
Bakery Manager	18
Training Dept.	18
Store Manager	14
Bakery Director	14
Supplier's Rep	11
Merchandiser	4

WHAT IS PRODUCED

Bakery Manager	41%
Bakery Director	27
Merchandiser	14
Supervisor	9
Buyer	9

PROMOTION

Bakery Director	43%
Bakery Manager	13
Supervisor	13
Other*	13
Merchandiser	9
Buyer	9

*Store Manager, Supplier

department managers.

Of those chains reporting recent changes in the operation of their bakeries, most said that as a result of substantial sales growth, they have had to exercise more control from the home office, and have added more supervisory levels, such as merchandisers and specialists.

Different approaches

Malone & Hyde's three Megamarket super warehouse stores in Memphis illustrate the need for flexible management systems. The large instore bakeries have a mixture of self-service and service merchandise, and Fred From, bakery supervisor, says that the mix is subject to change, depending on the stores' demographics, and the marketing approach that works best.

"We keep basically the same products in the three stores," From says. "But we vary the amounts so that the customer will have slightly different choices. We go around the country, looking at different bakeries, taking out of them what will work for us. We're not so oriented toward what we want. We stand back and look at what the customer will appreciate the most. The worst thing to do is to force something on your customers."

At the same time, upper management has finally begun to realize the importance of instore bakeries. "There's a lot more attention paid to them now among high-level executives," says Irving White, director merchandiser for deli/bakery/cheese at Mott's Shop-Rite (East Hartford, Conn.). "They see the profit potential there, and they want to try to take advantage of it."

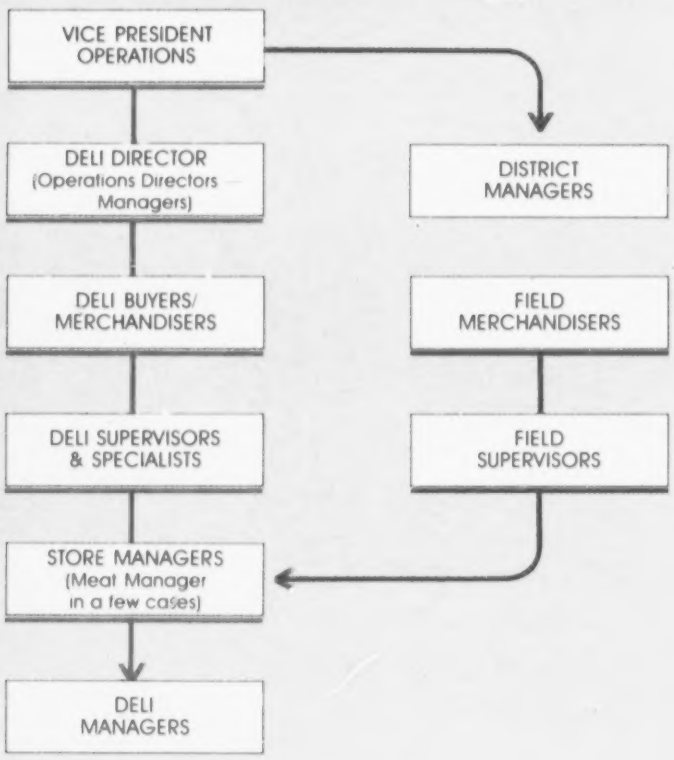
"In the past, the deli/bakery specialist handled everything," says Bob Downey, deli/bakery merchandiser at Seaway Food Town (Maumee, Ohio). "But as instore bakeries have grown—we now have 56—it has forced a split between the merchandiser, who is responsible for overall policies, and the specialist, who has to work on daily operations."

Similar shifts have occurred at Almac's (East Providence, R.I.), according to John A. Parente, bakery buyer-merchandiser. As the number of instore bakeries has grown, buying responsibilities shifted from the head grocery buyer to Parente.

For operations reporting

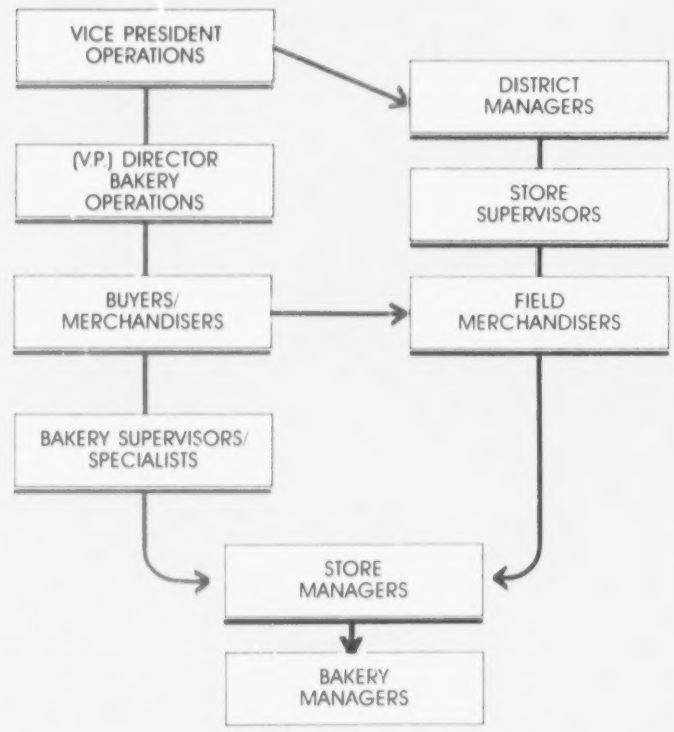
Continued on page 41A

DELI CHAIN OF COMMAND*



*Similar for large and small chains, large chains tend to have more levels of management in the form of field merchandisers, specialists and buyers.

BAKERY CHAIN OF COMMAND*



*Similar for large and small chains, large chains tend to have more levels of management in the form of field merchandisers, specialists and buyers.

DELI/BAKERY

Are delis and bakeries managed by the same people?

	TOTAL*	LARGE CHAINS	SMALL CHAINS
IN HEADQUARTERS			
YES	53%	50%	50%
NO	47	50	50
IN STORES			
YES	23%	0%	37%
NO	77	100	63

*Figures from independent operators surveyed are included in totals, but not broken out separately.

DELI

Who controls each of the specialty service departments? (% times mentioned)

	Deli	Meat	Produce	Other
Restaurant/Snack Bars	100%			
Salad Bars	33		58%	9% [1]
Pizza	80			20 [2]
Sandwiches/Entrees	100			
Cheese Island	100			
Catering (limited to platters)	100			
Bulk Foods	13	13%	37	37 [3]
Service Seafood	14	72		14 [4]

[1]Joint [2]Bakery, Outside Vendor [3]Grocery [4]Separate Dept.

KROGER

Continued from page 37A

exclusive to the restaurant," Hardy says. "At various times of the day, they might be servicing the deli case or doing something else." About 50 percent of the items sold in the restaurant are made in-house, with a number of the entrees prepared by outside sources. Hardy says he hopes to have everything made instore, "but only when I can get the right consistency from store to store."

New directions

Kroger isn't stopping its innovations with its restaurant business. Ice cream is beginning to play a role in its service image, as two stores—56,000-square-foot units in Roswell and Conyers—have installed 64-square-foot Frusen Gladje Fantasy shops, offering 12 to 16 different kinds of premium ice cream, milk shakes, sundaes, banana splits and hand-packed pints and quarts. "We're also getting into ice cream cakes and pies, as we learn more about that business," Hardy says.

"We started them the week before the Fourth of July last year, and we were very happy with the numbers," Hardy says. But that doesn't mean ice cream parlors are going to start cropping up in all Kroger's Atlanta stores.

"We have to look at the clientele to see if the mix is right," Hardy says. "We're looking at a number of different versions of the same idea. There are smaller versions, and there are also ice cream carts that allow you to roll in and out of the ice cream business whenever you want to."

Back to basics

With all this experimentation, Kroger isn't ignoring the basic deli-bakery-cheese segments of the instore business.

Bakery, Hardy says, currently is the greatest growth area of these three segments. Made up completely of bake-off product, the bakeries have proven to be increasingly strong draws during the early morning and later afternoon hours. Hardy makes no apology for the lack of scratch baking at the stores. "I've had it, and there were too many people problems and too many consistency problems to make it worthwhile."

The stores' cheese islands, included in all but 10 of Kroger's Atlanta units, also are providing their share of bottom line strength.

"Of course, it varies by store, but Atlanta is one of the strongest marketing areas for imported cheese for the entire Kroger Co.," Hardy says. The category is serviced entirely by company personnel, which Hardy says brings a lot more satisfaction than simply allowing outside specialists to service the department. "My own point of view is that the cheese island has to offer the customer things that can't be gotten in the dairy section." Combining a broad imported cheese selection with a store-made pizza department has given the category a strong competitive edge, he says.

But what really makes the difference, Hardy says, is the fact that when it comes to instore service departments, Kroger's Atlanta division does not operate with the bureaucracy of many large chains. "It is a cliche, but we really do have the freedom to fail here," Hardy says. "Upper management has made the commitment to the Atlanta market, and given us the freedom to make it work. It really is a very nice atmosphere to do business in." ▣

DELI/BAKERY SURVEY

Continued from page 19A

changes in the deli's operational structure, deli directors have added more management in the field and at the store level.

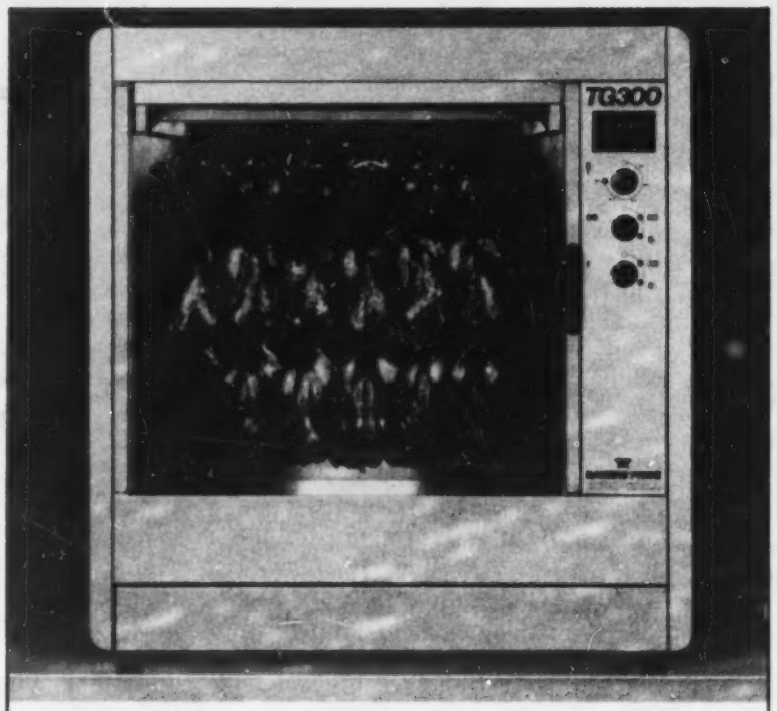
"Deli's percentage of store sales has been growing year after year, and with the addition of prepared foods, so has its gross profit," says Irving White. "Whereas delis got nothing more than a cursory look in the past, that has changed considerably. We've got more people working in deli now, and more people at headquarters are following it." He adds that chains with aggressive prepared foods programs will "have no limit for growth."

Nob Hill General Stores (Gilroy, Calif.) has service delis in 12 of its 20 stores, but just began adding them two-and-a-half years ago. Says Larry Owen, director of deli/bakery, "The senior vice president was in charge at that point, and I was buying packaged deli foods. I took over buying and merchandising responsibilities, and a year later we added deli supervisors.

"As the delis continue to grow," he says, "we'll probably add another level of supervision between the supervisors and the department manager."

"Our delis have grown so much, some have 50 employees,

Continued on next page



Hot Food Profits Get Hotter Here!

This is Euro-Grill. It is the rotisserie that cuts shrink to a minimum — adds dollars to the value of a finished bird. Euro-Grill is the best presentation for your hot food take-out, whole chicken, chicken parts, duck, ribs — you name it. And Euro-Grill is the easy-to-operate, easy-to-clean convection oven-type rotisserie. The neat look stays clean because of its easy-maintenance design — no more grease crusted rotisseries that turn customers off!

Four Models with capacities to 84 chickens — with accessories to help you merchandise hot food better. And now we have a hot food merchandiser planner — ask about it.

Debbie Says:

There's An Easy $1.50 Profit In Tuna Melts With This Compact Oven.

Check This Out:

Hard Roll	$ .20
1 Scoop Tuna	.60
2 Slices American Cheese	.10
2 Slices Tomato	.10
Total Price Ingredients	$1.00
An Easy Sale At	$2.50
Your Profit	**$1.50**
(Labor Not Included)	

Oven Model M02T

This compact oven is a heavy-duty producer with 2 18" square decks. It has heavy insulation and takes a minimum of counter space. You can bake-off lasagna, casseroles or practically anything else.

BAKERS PRIDE

In U.S.A.:
BAKERS PRIDE OVEN CO., INC.
30 Pine Street
New Rochelle, New York 10801
(914) 576-0200
TLX: 996696 FAX: (914) 576-0605

In Canada:
BAKERS PRIDE LTD.
1120 Claire Crescent
Lachine, Quebec, Canada H8S 1A1
(514) 637-3586
TLX: 05562171 FAX: (514) 637-8939

and are 1,200 to 1,400 square feet," says Charlie Bernard, director of deli/bakery operations at Marsh Supermarkets (Yorktown, Ind.). "Along with the deli manager and the assistant deli manager, we've added a second assistant deli manager. But the essential decision-making process, as well as headquarters handling both deli and bakery, hasn't changed."

In the future, executives say, both deli and bakery operations will continue to make adjustments and refinements to meet growing demand. Bakeries will have more store personnel and more experts at headquarters, whose principal responsibility will be to try to boost profitability.

Delis will add more supervisory positions at the district and field level, with less operational supervision from corporate offices. This hands-on approach is in response to the burgeoning area of prepared foods. Some chains, such as Randall's Food Market (Houston), now have two deli directors. One specializes in hot foods and restaurant operations, while the other director is responsible for "Appeteaser" (deli meats and salads), and service seafood sections.

Cost analysis, an accurate measurement of product movement and department profitability, was also cited by many chains as an area of significant change, and it will be difficult for retailers to compete effectively without reliable, rapid sales information.

With the growth and acceptance of computer programs, such as tagging items purchased at delis and bakeries with UPC labels that are registered at checkout scanners and stored in the company's mainframe, the retailer has a much clearer picture of what works. Conversely, if problems occur in buying, production or merchandising, an alternative approach can be tried sooner than in the past.

Tighter controls

"We have much tighter controls now because of computers," says Bob Orlando, deli/bakery director at Iandoli's Super Markets Inc., a 17 store chain based in Worcester, Mass. "Cost control, production information; it's all furnished via the computer. It has really helped us define our deli and bakery operations much more accurately."

Another development to watch in delis is service seafood departments. Traditionally the domain of meat buyers and their superiors, more delis are assuming control for the purchase, presentation and merchandising of fresh fish and shellfish.

And as prepared deli foods become more elaborate, with restaurant quality entrees gaining favor, more chains are hiring classically trained chefs to handle production and oversee that part of deli operations. ▣

The Challenge of Change '87

Retail Bakers of America
18th Annual Supermarket Bakery Conference
March 20-21, 1987 ■ Baltimore, Maryland

RBA's 18th Annual Supermarket Bakery Conference and 69th Anniversary Convention-Exhibition are designed to help you turn "change" into dollars. Send for registration materials now!

Challenge Of Change

RBA's 69th Anniversary Convention-Exhibition
March 21-25, 1987,
Baltimore, Maryland

Sponsored By: RBA Retail Bakers of America

Please send me information about:
☐ Supermarket Bakery Conference
☐ 69th Anniversary Convention-Exhibition

NAME _____

BAKERY/COMPANY _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

Return to: Retail Bakers of America, 6525 Belcrest Rd., Suite 250, Hyattsville, Maryland 20782, (301) 277-0990.

INSALACO'S

Continued from page 12A

work. I'm a former store man, and I think you get more sales by having someone behind the counter, talking to customers, answering questions and making suggestions.

"Insalaco's used to be a presliced deli meat operation. One day I suggested to Sandy that we try to have the deli workers in one store slice meats just to order. Now we have only one store left with presliced meats.

"I think the customer wants to see it sliced fresh. And there's no question that this move has helped. Deli meat sales have increased. They used to be 5.6 percent of the department's business—now they're never less than 6 percent."

Sandwiches have become a good customer draw, as has the salad bar, which features cheese on one side, salad on the other, pizzas (prepared outside, but Insalaco says that these may soon be made instore) and smoked meats on the end of the case. In the Dallas store, the salad bar shares room with a seafood bar, and an alcove in the bakery has a service counter for ice cream prepared instore.

Sandy Insalaco says that his chain has always enjoyed a reputation for high-quality perishables. With the additions and improvements to his bakeries and delis, that reputation, he believes, will continue to grow. Meanwhile, he's adapting and adjusting to meet the challenges of the next 40 years. ▣

INSTORE BUSINESS ADVERTISER	PAGE
ALTO-SHAAM	13A-16A
ATHENS FOODS	30A
BAKER'S AID	4A
BAKER'S PRIDE	41A
BIZERBA	37A
BROCO CO	11A
CAMPBELL FOOD SERVICE	20A
CARNATION FOOD SERVICE	35A
CHEF FRANCISCO	44A
CRYOVAC	24A, 25A
EKCO	2A
EMMBER BRANDS	27A
FOSTER FARMS	31A
HICKORY INDUSTRIES	38A
HOBART	43A
I.D.B.A.	36A
I.D.D.A.	34A
POLFOODS	32A
RBA	42A
RICH FOODS	8A, 9A
STOUFFER'S FOODS	6A
TURN O MATIC	3A
VLASIC FOODS	29A